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UNCLAS SECTION 01 OF 02 LAGOS 000422

SIPDIS

SENSITIVE

STATE FOR AF/W
STATE FOR EB/ESC/IEC/ENR/BLEVINE
STATE FOR DS/IP/AF
STATE FOR INR/AA
STATE PASS DOE FOR DAS JBRODMAN AND CGAY
STATE PASS TREASURY FOR ASEVERENS AND SRENANDER
STATE PASS DOC PHUEPER
STATE PASS TRANSPORTATION MARAD
STATE PASS USAID FOR GWEYNAND AND SLAWAETZ
STATE PASS EX-IM FOR JRICHTER
STATE PASS OPIC FOR CDUFFY
STATE PASS TDA FOR NCABOT AND BTERNET

E.O. 12958: N/A

TAGS: [EPET](#) [EINV](#) [NI](#) [ENERG](#)

SUBJECT: GOVERNMENT REQUESTS ASSISTANCE WITH 2005 PETROLEUM
BID ROUND

Summary

[11.](#) (U) This is an action request for the Department of Energy and the U.S. Trade and Development Agency: Please see paragraphs five and six.

[12.](#) (SBU) In a series of meetings on March 9 and 10 with a visiting Department of Energy official, Presidential Advisor for Petroleum and Energy Resources, Dr. Daukuro, and Ministry of Petroleum Resources Technical Advisor Tony Chukweueke requested assistance from the Department of Energy on the 2005 bid round, publicly launched by the Ministry of Petroleum Resources (MPR) at a March 11 press conference. The bid round will allow firms to bid for licenses to develop the sixty-one remaining blocks in Nigeria. A final conference, where bids will be collected and awards announced, is currently planned for late July or early August.

[13.](#) (SBU) Dr. Daukuro stated his concerns that the bidding be perceived as open and transparent by potential foreign investors, because Nigeria hopes to attract new independent energy firms. Chukweueke noted that Nigeria was "tired of being dominated" by the same major firms, and would like to bring other, smaller firms to the table. Daukuro and Chukweueke proposed DOE assistance to audit the GON bidding process, which they believe would give "international assurances" to investors that the process was clean, provided the GON passed the audit. DOE Africa Team Leader Gay and Energy Off promised to forward this request for assistance to the DOE, but made no further commitments. They cautioned Dr. Daukuro and his team that DOE is not in the position to give public assurances of the transparency and equity of the process, but at best might be able to provide informal feedback on the bid process. Without prior notice to us, the MPR, at its March 11 press conference, publicly advertised it had given "Invitations to the UK and US Departments of Energy to provide international assurances."

[14.](#) (SBU) Ministry of Petroleum Resources (MPR) Technical Advisor Tony Chukweueke also requested U.S. Trade and Development Agency assistance in organizing and financing a one-day business conference with the Association of Blacks in Energy, to attract African-American and smaller independent firms to participate in the bid round. He proposed this could be an add-on to the 2005 Bid Round Investor roadshow, scheduled in Houston on March 28.

[15.](#) (SBU) Action Request: For DOE - Notwithstanding MPR's inelegant advertisement about international assurances, there may be a benefit to providing some assistance to help improve the bid process. However, any assistance would have to be tailored in a manner that does not give the impression that we are lending "international assurances," particularly given that the bid round is imminent. Consequently, Mission requests DOE advice on assistance DOE could make available to the MPR to enhance the transparency of the 2005 bidding round. Mission recognizes the short time frame involved in this request, but would appreciate assistance that might make the bid round more transparent for the American firms that will participate in it. While mission does not endorse MPR's desire for "international assurances, it would be helpful if DOE could suggest a list of well-regarded U.S. firms in the energy sector that could perform a credible audit of the bid process.

16. (SBU) Action Request: For TDA - Mr. Chukweueke's request for organizing and financing the one-day conference with the Association of Blacks in Energy comes with very little notice, given that he wants the conference to take place around March 28. However, any assistance TDA could give at this late juncture may help get more U.S. entrants into the bid process - a good thing for the U.S. Thus mission asks TDA to let us know if there is any assistance it can give MPR at this time. We regret the lateness of this request from MPR.

BROWNE#